

in working in conjunction with the local authorities, can spend that money in a way to help recovery.

We're aware of the issues here. I'm looking forward to hearing more from you all about how we can continue to work together. I will tell you, the contrast between when I was last here and today, Stephen, is pretty dramatic. It may be hard for you to see, but from when I first came here to today, New Orleans is reminding me of the city I used to come to visit. It's a heck of a place to bring your family. It's a great place to find some of the greatest food in the world and some wonderful fun. And I'm glad you got your infrastructure back on its feet. I know you're beginning to welcome citizens from all around the country here to New Orleans. And for folks around the country who are looking for a great place to have a convention or a great place to visit, I'd suggest coming here to the great New Orleans.

Anyway, thank you all very much.

NOTE: The President spoke at 11:12 a.m. in the New Orleans Metropolitan Convention Center and Visitors Bureau, Inc. In his remarks, he referred to Gov. Kathleen Babineaux Blanco and Lt. Gov. Mitchell J. Landrieu of Louisiana; Donald E. Powell, Chairman, Federal Deposit Insurance Corporation, who is coordinating Federal gulf coast relief efforts; Mayor C. Ray Nagin of New Orleans, LA; Stephen J. Perry, president and chief executive officer, New Orleans Metropolitan Convention and Visitors Bureau; and Gov. Haley Barbour of Mississippi. A tape was not available for verification of the content of these remarks.

### **Remarks on Gulf Coast Reconstruction in St. Louis, Mississippi**

*January 12, 2006*

Thank you all. Please be seated. Haley said that it's protocol not to introduce the President. Well, that shows what he knows about protocol. *[Laughter]* He just introduced me. *[Laughter]* Thanks for having me back. My first observation is, it's good to see—to be able to look in people's eyes and not see them all bloodshot. *[Laughter]*

I can remember coming here, the times I came and looked hard in people's eyes and saw a sense of desperation and worry and

deep, deep concern about the future. I'm sure there is still concern about the future, but the eyes have cleared up. There's a sense of optimism. There's a hope. There's a little bounce in people's step. I'm not surprised; the people down here have showed incredible courage. And I want to thank you for showing the rest of our country what it means to survive an incredible hardship with high spirits.

Your Governor has done a magnificent job. He went up to Washington—*[applause]*. You know, it's nice of him to give me the credit to sign the bill. It's nice of him to compliment Congressman Taylor, who deserves to be complimented, and compliment—and Congressman Chip Pickering, both of whom are here, and I thank them for coming. It's wise of him to compliment Senator Lott and Senator Cochran. *[Laughter]* And he's right to compliment them. But the truth of the matter is, the person who deserve the biggest compliment, in my judgment, is the man who brought the will of the Mississippi people, the needs of the Mississippi people up to Washington, DC, and fashioned one heck of a piece of legislation for the people of this important State. Thank you, Governor, for your hard work.

And I want to thank Marsha for being here as well. I don't know how you put up with him for all these years. *[Laughter]* You must be a patient soul. But he married well, just like me. And speaking about that, Laura sends her best wishes to all of you all. She's looking forward to coming back down here. She's not going to believe the difference between the last time she was here and today.

It's hard sometimes, unless you've got a perspective. I have the perspective of having spent some time here but not all my time. And I can remember what was and now what is, and I can see what's going to be too. And it's going to be a better gulf coast of Mississippi.

I want to thank Roy Bernardi, who is the Deputy Secretary of HUD. He's going to have some stuff to do to make sure this part of the world rebounds. I like your mayors. They're down-to-earth people. They are good, solid people—Mayor Eddie Favre. You know, one time a buddy of mine said, when

the baseball players and owners couldn't figure out an agreement and they went on strike and quit Major League Baseball, he said, "I'm never going back to a baseball game for 10 years." And I said, sure, you know. And he's a great baseball fan. And, sure enough, last year was his 10th year, and he finally went to a game. The reason I bring that up is Eddie said, "I'm not going to wear long pants"—[*laughter*]*—and I'm saying to myself, "One of these days, the President is going to show up, and Eddie sure enough will put on long pants."* [*Laughter*] I didn't know him very well. [*Laughter*] I arrived here at this important school, and he's got short pants on. Eddie, I like a man who sticks to his guns. [*Laughter*] Thanks for hosting us.

And so I'm standing in the White House at a Christmas reception, and in walks Tommy Longo. He's the mayor of Waveland, of course. And he had on a fantastic suit. [*Laughter*] I nearly fell out. [*Laughter*] Tommy Longo in a suit? [*Laughter*] I said, "Where did you get that thing?" He said, "It's amazing what you can find in the rub-bish." [*Laughter*]

I've learned something about the mayors up and down the gulf coast. You've got some young mayors east of here who have been in office, what, 3 or 4 months, and the storm hit. They were incredibly tested—Pascagoula and other places. You got some veterans who have been around for a while, never dreamt they'd see a day like the day they saw. But whether they're veterans or rookies, all of them have stood strong. All of them have rallied with the first-responders. All of them have shown great compassion to the people. I am proud of your local mayors, your local governments, people like Rocky Pullman of the Hancock Board of Supervisors, the people working in these counties. You got some good folks down here. And one of the reasons why I'm confident about your recovery is because you've elected good people to take on the job.

Finally, I want to thank Brother Talbot and Brother Hingle of this fantastic school. Thanks for hosting us. Tommy Longo was in the class of '75. I hope that means you didn't lower your academic standards in that year. [*Laughter*] He and old Doc Blanchard,

they told me. Doc Blanchard went here, in case you didn't know it, the Heisman Trophy winner who carried the leather for West Point. And one of the things the Brother told me—he said, "We wanted to make sure we saved the Heisman Trophy that Doc Blanchard had made sure was housed here at this facility." But I do want to thank you all for letting us come by. Thanks for your—being in education, really an important part of the future of this State and this country, to make sure people get a good education.

I stood in Jackson Square early on in—after the storm hit, and I said, "We're not just going to survive but thrive." By that I meant, it's one thing to kind of ride it out; it's another thing to take out of the harm that came, convert this into a better life. I said, "We're not just going to cope, but we'll overcome." I meant what I said. I couldn't have said that if I didn't have confidence, though, in the people in the local area that have such a spirit to be able to do so.

I'm here to report to you some of the progress made and to let you know that people in faraway places like Washington, DC, still hear you and care about you. Signing all the legislation I've signed, the Federal Government has committed \$85 billion so far to helping folks and to help rebuild the gulf coast of our country. Of that \$85 billion, about \$25 billion has been spent. So \$85 million [billion]\* is available; 25 of it is already in the pipeline. That's \$60 billion more coming your way.

Part of the strategy to make sure that the rebuilding effort after the recovery effort worked well was to say to people like Haley and the Governor of Louisiana and the Mayor of New Orleans, "You all develop a strategy. It's your State. It's your region, you know the people better than people in Washington—develop the rebuilding strategy." And the role of the Federal Government is to coordinate with you and to help.

I thought that was an important first statement to make when people began to wonder what life would be like after the storm hit. My view is, and a lot of my political philosophy is based on, the local folks know better

\*White House correction

than the folks in Washington, DC. I remember when Haley invited me down, and he said—I think we were in a tent at that time, and there wasn't a lot of electricity—it was like an old-time daytime revival without electricity. It was hot in the tent. It was the first meeting, I think, at least the first called meeting, of the commission headed by Jim Barksdale. Citizens from all walks of life, all occupations, all aimed at one thing: putting together a strategy that will help this part of the world become even better than it was before.

I have an obligation to make sure that the Federal Government responds and coordinates and stays in touch with not only the commission and the Governor but local folks as well. And I picked a fellow that I trust, a person who's had a lot of experience, a person who understands how people think down here—after all, he is from Texas. He understands urban life, and he understands rural life, and he knows the importance of county commissioners—you call them county supervisors, I guess. He's a guy who's a good listener and he's got my full confidence. And that's my friend Don Powell who's with me today. He's going to be the Federal coordinator. His job is to come down here and listen and report back.

And I recognize there are some rough spots, and I'm going to mention some of them here in a minute, and we're going to work to make them as smooth as possible. The first challenge we had after the storm hit was to take care of the people that were displaced—millions of people, or over a million people evacuated and scattered. It was an amazing period in our history, when you think about it. One day people's lives are turned upside down, and they're looking for help and they're looking for compassion, and they found it. People found it in churches, in synagogues, in community centers, in private homes. It's an amazing part of our history, when you think about it. It's like there's a great capacity to absorb hurt in our country, because we've got individuals that are so decent and honorable.

The Government had a role to play, and that was to get money in people's pockets. I mean, when you have to evacuate, you don't have time to plan. And so one of the first

things we did was, we got \$2,000 in people's pockets as quickly as possible, to help them. In other words, it was a response geared toward the individual. We had a special designation for all evacuees, so they can become available for Medicaid or family services or the Federal programs. The idea was to get a response as quickly as possible to people who are scattered all over the country so they could—to help get their feet on the ground.

We gave waivers to States. In other words, we kind of deregulated the system so States could respond quickly to the people who needed help. We provided 700,000 households with rental help. In other words, the goal is for people to be back in their homes, in a home they call their own. That's the goal. But in the meantime, we had to deal with people evacuated and people without homes. And so a part of the plan has been to provide temporary housing with rental vouchers; \$390 million went out as HUD vouchers for a group of people that qualified.

I can remember people hollering for trailers. We became the largest consumer of trailers probably in the history of mankind. [Laughter] And I know it was slow to begin with. The production needed to be ramped up, and, frankly, the Government crowded out other purchasers in order to set priorities for people down in this part of the world. We've now put out 61,000 trailers, and there are more in the pipeline. I was asking Haley, does he have a feel for how many more we need, and he said, "We're getting close to the end, but there's still a need." And we understand that. And the manufacturing is making—we put cruise ships out at one point to help people house on a temporary basis—particularly in New Orleans, so that we could get the police and the firefighters a place to stay so they could do their job.

People ended up in hotel rooms. At one time there was about 80-some thousand people in hotel rooms. It's now down to 25,000 families in hotel rooms. We're in the process of trying to locate every single family and provide the rental assistance help for them, so they can move from the hotel into rental housing—all aimed, by the way, at providing some kind of housing until the permanent housing market takes off. We're trying to bridge from being an evacuee to a person

in a place until their own home gets ready to move into.

And so what can we do? Well, first thing is, we can focus on repairing homes. That's not going to do you very good down here in Waveland. I understand that. Tommy and I and the Governor and Marsha just drove by—there's no homes to repair. It's just been flattened. That's what the people of America have got to understand. Sometimes hurricanes go through, and, you know, there's a home and a structure you can maybe put a roof on or do something—not here. Our fellow citizens have got to know when this hurricane hit, it just obliterated everything. It just flattened it.

But in parts of the hurricane zone, there's repairs that can be done. FEMA assistance will help with that. SBA loans have gone out to about—for about \$2.1 billion to help people repair their homes. Now, the most innovative approach, however, to getting the homes rebuilt is the CDBG grants that Haley Barbour negotiated on behalf of the people of Mississippi. That's government initials for, direct money to help people who weren't able to get their insurance to pay them off.

I remember being down in Biloxi. I think it was my first trip. And it was hot, and it was steamy. An old lady walked up to me and said to me—I said, “How are you doing?” And she looked at me and she said, “Not worth a darn.” [Laughter] And I said, “Well, I don't blame you.” She said, “I've been paying all my life for my insurance. Every time that bill came, I paid it—every single month. And all of a sudden the storm hit, Mr. President, and I came time to collect, and they told me no.” And she was plenty unhappy, and she was looking for anybody she could be unhappy with, and I just happened to be the target. [Laughter] I think Gene was with me then; I might have shared the story with Gene about that.

One way to handle the issue—I know you got a lawsuit here; I'm not going to talk about the lawsuit. But Haley did something innovative, which was take the CDBG grants—a lot of money for Mississippi, and going to help the people do the job that many think the insurance companies should have done in the first place.

Having said that, the Government has paid out \$12 billion in flood insurance. For those who had flood insurance, the Government is making good on its—on the bargain with the people. If you got an FHA loan, your loan will be forgiven for a year. In other words, there is an attempt to try to make sure that things are being done so that we can—people can get back in their homes, and people can get to be rebuilding.

There's going to be a building boom down here; there just is. It's going to be an exciting time for people. One of the real challenges is whether or not people are going to have the skill set necessary to be able to meet the needs of the people. Are there going to be enough electricians, enough plumbers, enough roofers? But you're going to have yourself a building boom; you watch. There's going to be work—people are going to be working hard here.

And Don Powell and I, to this end, met with a group of leaders in Washington, DC, from building trade unions and businesses, and the whole idea was to come up with a strategy to make sure people have got the skills necessary to fill the jobs which are going to exist. See, our goal, and I know it's the Governor's goal, is to make sure the jobs first go to Mississippi people, when it comes to rebuilding this—[applause]—and Mississippi businesses. And we want this opportunity to be an opportunity where minority-owned businesses and women-owned businesses have a chance to flourish. An ownership society has got to be a part of a new vision, where people from all walks of life can say, “I'm owning my own business. I'm operating my own business. I'm owning my own home.”

It's a fantastic opportunity. And—but it's not going to work unless people have the skill set necessary to be able to fill those jobs and to be able to provide for the—to meet the consumer demand. And so the idea is—and Powell is going to work on this strategy—is to work with your community college system or the building trades and have centers where people can go to learn how to get the skills necessary to fill the jobs which are coming. They're coming. It's going to be an exciting time down here, just so long as you're

able to get enough material and enough labor.

One of the important—and by the way, speaking about jobs, not only we got to make sure people have the skills necessary to fill the jobs, the Federal Government has got a lot of facilities down here, and there's a lot of Federal employees in this part of the world. We're going to rebuild the Federal facilities so that the people will be able to work.

This recovery is going to be led by the private sector. However, the Federal Government is going to help, and \$85 billion is a good—I would call that “help”—so far. But the truth of the matter is, the jobs and the quality of life, the recovery, is going to be led by the private sector. I was asking Haley about some of the industries down here, and he told me, for example, at the year end, a casino opened. I mean, it's remarkable. If you'd have seen what I—I'm sure you saw what it looked like up and down this coast, and all of the sudden, there's businesses, and people are thriving. People are beginning to work. It's happening. It's the private sector that's going to carry much of the recovery.

Congress did a smart thing, in my judgment—was to provide tax incentives for businesses who are in this part of the world. They provide tax incentives for small businesses to expense up to \$200,000 of investment and private—and incentive for all businesses to provide a 50-percent bonus depreciation for investment made. What I'm telling you is, it's kind of economic talk for saying, if somebody spends money in an investment in this part of the world, they get a tax incentive to do so. In other words, if you're able to make the Tax Code attract capital so people invest, it means you're more likely to be able to find work here. It goes on. It's a smart idea, and again, I want to thank the Members of Congress for working on that. I think it's going to make a big difference.

If you're a small-business owner—we just met today, by the way, with some small-business owners in New Orleans. And one of the things that became loud and clear to me there was that because a lot of people haven't moved back into the area, and if you're a small-business owner, there's no customers, so you have no cash flow, which makes it

awfully difficult to survive. There are SBA loans for this, and I understand for some the word “SBA” means “slow bureaucratic paperwork.” [*Laughter*] I hear it loud and clear. I will tell you that SBA has put out about \$470 million worth of SBA loans. In other words, the loans are going out.

But this small agency has been overwhelmed. And so Don Powell is working on an interesting idea, and that is to work with the local bankers, people who understand the local customer, as to how to become the agent for the SBA to get money out the door to help small businesses manage their cash flow needs until the customer base comes back.

The other thing that happened quickly—and I'm real proud of your folks down here—was that the energy sector rebounded unbelievably fast. This part of the world is really important for national security and economic security of the United States of America. Remember, when the storms hit, a lot of folks were really worried about the price of crude oil and gasoline. We, fortunately—we just did two things I thought were wise.

One, we suspended reformulated gasoline rules, which enabled us to import gasoline from Europe, which helped to take the pressure off the market. And the price of gasoline, although it went up, didn't go up nearly as high as a lot of people thought, and is now heading back down, thank goodness, for people who are working for a living. And the price of crude oil stayed reasonable because we opened up the Strategic Petroleum Reserve. I was confident in being able to do that because I knew how fast this industry could move if just given a chance. The suspension of some regulations to help these refineries and these gas processing plants get up on their feet was important. In other words, if you can get Government out of the way, amazing things can happen sometimes in the private—[*applause*].

And so I want to thank those of you who work in the energy industry for doing what you're doing. I remember going to the plant—I think Haley was with me—went to the plant in Pascagoula. And we had people there camped out there working as hard as they could to get the refineries up so that our citizens from all around the country

would be able to have gasoline at a reasonable price. And these people worked hour after hour after hour and did the Nation a great service. In the meantime, we did our part—tried to do our part to make sure that we cleaned out the waterways so that the ships could move better. Our Coast Guard, by the way, provided invaluable service here in this part of the country.

Part of the recovery of this part of the world is going to be when you get your infrastructure up and running. And I can remember first chopping over here and seeing the incredible devastation done to the bridges and highways. First of all, there has been some incredible construction done. The Sli-dell Bridge there, to the west of you, got up in record time. It's amazing what happens when you provide a completion bonus for people doing work. [*Laughter*]

And I know you're concerned about the I-90 bridge, but they're getting ready to start on it, as I understand. And the bills I've signed provide \$2.3 billion for repair of highways and bridges in this part of the world. That's going to provide not only jobs but it's going to make the quality of life come back to what it was. You're dependent upon good highways and good bridges in this part of the world. The Government recognized that and put the money out there, available for reimbursing the States when they get these highway projects moving.

One of the really interesting things that happened was education, how the country responded for the kids who have been moved around. And school districts all over America took children from Louisiana and Mississippi and helped educate them. It was really remarkable to watch the education system rise to the challenge. In the bill there is \$1.6 billion worth of operating money. It was money to help these schools stay afloat; it was to reimburse school districts for taking in the children who had evacuated to their part of the world. That's in addition to the Federal commitment to replace every school. In other words, part of the commitment is that if your school got destroyed, the Federal Government will help rebuild the school—or will rebuild the school.

Plus we understood that there was a lot of kids that were going to higher education

and these—higher education institutions were affected by the storm, obviously, and they were allowed to retain their Federal aid, even though children weren't going to school. In other words, we made a concerted effort to help these schools to cope with the crisis. We're going to make a concerted effort to help the schools deal with the long-term reconstruction as a result of the crisis.

Ninety-three percent of the schools here in Mississippi are up and running, and it's an amazing feat in 4 months' time. It's a great credit, again, to your Governor and your education institution, but more importantly, it's a great credit to the teachers and superintendents and principals of your local schools.

Finally, the first issue I was confronted with as the President was debris. I remember the meeting very well when the mayor showed up and said, "We can't possibly say to our people things are going to get better so long as we got piles of debris lying around." It was not only a practical issue, but it was a psychological issue. And I can understand—I mean, I understood right off the bat what they were talking about. And we had a slow start, because we had a little bit of a—we had an issue of how to get debris off of private property. And, thankfully, there was some creative work done here at the local and State level, with the Federal Government—it really was—as to how to deal with the liability issue.

I don't want to go into the law; I'm not even a lawyer. Got too many of them up there in Washington, anyway. But my point is, is that by listening to the local folks and by being flexible about how to deal with an important issue like debris, we're making pretty good progress. Out of 42 million cubic yards of debris, 27 million have been removed.

Now, there's still debris. It's estimated about 15 million cubic foot—cubic yards of debris left. But there's a certain momentum that's gathering. Haley believes that by the end of March, we can get most of the debris off of the public property. In other words, they're making progress.

Don Powell's job is, to the extent that the Federal Government is contracting out—we want to make sure that they just don't hustle

when the President shows up, that they're hustling all the time, because the rebuilding and rebirth of this area is really going to depend in large measure to getting these lots clean, to getting your public access roads cleaned up, getting that debris out of people's sight. There's something—there's a certain confidence to be gained when you see this beautiful countryside cleared of the damage of Katrina. Things have changed a lot when it comes to debris. It looks a lot different, a whole lot different. And we got more work to be done, and we're going to stay on it until it gets done.

And so we've done a lot, and there's a lot more to do, but there's a certain optimism and hope that's coming. I hope you feel that. You've come a long way in 4 months. Seems like an eternity to you, I know. Seems like a lot of time for a lot of people to have gone through what you went through. Four months is not all that long, and a lot has happened in that 4-month period. And a lot more is going to happen in the next 4 months, and then the next 4 months. I can't wait to come back, and keep coming back and seeing the progress that's being made.

We've learned some lessons about Katrina, and we're going to analyze every lesson learned. Obviously, the Federal response in parts of this devastated area could have been a lot better. We want to know how to make them better. We want to make sure that when there's a catastrophe of any kind, this Government, at the Federal level, is capable of dealing with it, in conjunction with the State and local governments.

There's going to be some lessons learned about having agencies that get overwhelmed by a size of a storm, agencies whose job it is to help people get on their feet and maybe aren't able to do it quite as efficiently as some would like. Those are the lessons we're going to continually analyze. That's what you ought to expect of those of us who have been given the high honor of serving you—to constantly look for ways to do things better. And I just want to assure you, we are. We are.

But there's some other lessons learned where we don't need to change: the lesson of courage. We saw great courage. I'll never forget going to the hangar to see those Coast Guard kids that were flying those choppers.

I think it's something like 30,000 citizens were saved by rescue efforts by Coast Guard men and local responders. And the people here on the frontlines of saving lives showed great courage during Katrina.

I remember seeing the determination of our citizens. One of the lessons learned is when people are determined, they can get things done. At the Pass Christian school system, for example, this is a place where they consolidated all the schools at the elementary school. It was kind of inconvenient, when you think about it, but the inconvenience didn't bother the people in charge of that school system. As a matter of fact, they viewed it as a fantastic opportunity to be able to come together and share—and that school was up and running, with broken windows and—but there wasn't a broken heart, and their spirit wasn't broken.

One of the lessons, of course, as I mentioned, is the compassion of our fellow citizens. Think about lonely folks being sent out, having all their property, their material goods destroyed, wondering what the future meant for them, and there's a loving family saying, "I love you, brother. I love you, sister." Think about a country where the compassion is so strong that a neighbor in need can find a stranger that wants to help them get their feet back on the ground.

One of the lessons of this storm is the decency of people, the decency of men and women who care a lot about their fellow citizens, whether they be elected officials or just folks on the ground here just trying to make somebody else's life even better than it was before. So we learned some lessons about how to respond, and we're going to change. But some of the lessons shouldn't change, and that is the decency and character of the American people.

It's been an amazing experience for you. You just got to know, though, that a lot of people in this country, many of whom have never been down here, care for you; they pray for you, and they're pulling for you. God bless.

NOTE: The President spoke at 1:47 p.m. at St. Stanislaus College. In his remarks, he referred to Gov. Haley Barbour of Mississippi, and his wife, Marsha; Mayor Edward A. Favre of Bay St. Louis,

MS; Brothers Ronald Talbot, president, and Ronald Hingle, principal, Saint Stanislaus College; Gov. Kathleen Babineaux Blanco of Louisiana; Mayor C. Ray Nagin of New Orleans, LA; James L. Barksdale, chairman, Governor's Commission on Recovery, Rebuilding, and Renewal; and Donald E. Powell, Chairman, Federal Deposit Insurance Corporation, who is coordinating Federal gulf coast relief efforts.

### **The President's News Conference With Chancellor Angela Merkel of Germany**

*January 13, 2006*

**President Bush.** Thank you all. It's such an honor to welcome Chancellor Angela Merkel here to the White House. We just had a long visit. The first thing I did was ask everybody to leave the room except for the Chancellor. And we talked about our philosophy and our hopes. We talked about our desire to work together to accomplish important goals for the world, starting with peace. We share a deep desire to help those who suffer. We care about the hungry and the sick.

Germany is a valued ally. We've got a friendship that's important. We share common values based upon human rights and human decency and rule of law, freedom to worship and freedom to speak, freedom to write what you want to write.

We've got an important job ahead of us, to work on key issues like Iran. We spent some time talking about the Iranian issue and the desire to solve this issue diplomatically by working together.

We talked about the war on terror. I told the Chancellor that there's still an enemy that wants to do harm to the American people and others who like freedom, an enemy there that lurks and that we've got to share information and share intelligence and work carefully to protect our peoples; that the threat is real; and that my obligation as the President of this country is to do everything in my power to protect the people, and we can't do it alone.

We talked about Eastern Europe and the Balkans. I thanked the Chancellor for Germany's contribution in Afghanistan. Afghanistan is a country that has gone from being

ruled brutally by the Taliban, a group of people who have values the exact opposite of the values of Americans and the German people, to one that's now beginning to see the light of freedom. Democracy yields the peace, and it's important that democracy succeed in Afghanistan, and I want to thank the German people and the German Government for their contributions.

We talked about Iraq, and we've had our disagreements on Iraq, obviously. It's been a difficult issue in our relationship, and I fully understand that. But in spite of disagreements, we share the desire for the Iraqi people to live in freedom. I want to thank the German Government for help with reconstruction.

We talked about Israel and Palestine. Both of us care deeply about the health of Ariel Sharon, Prime Minister Sharon. We wish him all the very best and hope for his recovery. We also care deeply about the plight of the people in that part of the world, and we hope that there will be two states living side by side in peace.

We talked about NATO as the foundation of our collective defense and consultations. We talked about the importance of trade relations and business relations and commerce so that people on both sides of the Atlantic in our respective countries can find meaningful, high-paying jobs.

We talked about a lot, and the reason we talked about a lot is because we've got a lot in common. And the reason we talked about a lot, because there's a lot of issues in the world that require our intense cooperation and desire to work together. And I appreciate the candid conversation, and I appreciate the beginning of what's going to be an important relationship for the sake of our respective peoples.

Welcome.

**Chancellor Merkel.** Well, thank you very much. And let me say that we indeed had a very open, a very candid discussion, one that was characterized by a spirit of trust that builds on a long tradition of German-American relations. But I think that will open up, also, a new chapter, as I hope, in our relationship.

This is my first visit as Chancellor, heading a new Federal Government. And I explained